

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA

IN RE:

ALDEN H. ZUHLKE and

LISA A. ZUHLKE,

Debtors.

Case No. BK 24-40267-BSK
(Chapter 7)

APPLICATION TO EMPLOY CLINE
WILLIAMS WRIGHT JOHNSON &
OLDFATHER, LLP AS SPECIAL
COUNSEL TO THE CHAPTER 7
TRUSTEE

COMES NOW Philip M. Kelly, Chapter 7 Trustee for the bankruptcy estate of Alden H. Zuhlke and Lisa A. Zuhlke (the “Trustee”) and files this Application to employ Cline, Williams, Wright, Johnson & Oldfather L.L.P. (“Cline Williams”) as Special Counsel to the Chapter 7 Trustee (this “Application”). In support hereof, the Trustee shows to the Court as follows:

1. On March 27, 2024, Alden H. Zuhlke and Lisa A. Zuhlke (the “Debtors”) filed a voluntary petition for relief under Chapter 12 of the Bankruptcy Code.

2. On June 25, 2024, the Debtors’ case was converted to a case under Chapter 7 of the Bankruptcy Code.

3. The Trustee has been appointed as the Chapter 7 Trustee of the Debtors’ bankruptcy estate.

4. Prior to the petition date Cline Williams obtained a Charging Order in Case No. CI 20-83, District Court of Antelope County, Nebraska, against the Debtors’ transferable interests in Z Brothers, LLC, Diamond Z Farms, LLC, Bloomfield LLC, and Hartington, LLC, on behalf of Rabo Agrifinance, LLC (“Rabo”).

5. Cline Williams also brought an action on behalf of Rabo in Case No. CI 23-48, District Court of Antelope County, Nebraska that seeks a creditor’s bill with respect to the Debtors’ interests in Joysprings Properties, LLC, a promissory note dated January 7, 2022, that Derek and Kimberly Zuhlke executed and delivered to the Debtors in the amount of \$214,277.00, a promissory note dated December 12, 2016, in the original principal amount of \$190,000.00 that Darin Zuhlke executed and delivered to the Debtors, a promissory note dated July 20, 2023, in the original principal amount of \$50,779.54 that Darin Zuhlke executed and delivered to Joysprings Properties, LLC, an entity controlled by the Debtors, a promissory note dated April 20, 2022, in the original principal amount of \$100,000.00 that Zuhlke Properties, LLC, an entity owned by Darin Zuhlke, executed and delivered to the Debtors, and a promissory note dated July 1,

2021, in the original principal amount of \$60,000.00 that Zuhlke Properties executed and delivered to the Debtors.

6. Cline Williams has conducted discovery and is familiar with the claims and evidence in support of the claims asserted in the District Court of Antelope County, Nebraska.

7. This Court approved the Trustee's Application to Employ Cline Williams to pursue avoidable transaction claims (Doc. 69, 71). Cline Williams is prosecuting Ad. Proc. 24-4011-BSK on behalf of the Trustee.

8. The Trustee has learned that Lisa Zuhlke owns an interest in Sunshine Ranch Co., Inc., a closely held family corporation that owns, among other things, approximately 4,700 acres of farmland and pasture.

9. The Trustee believes that rents are owing to the estate by Derek Zuhlke and Dillan Zuhlke, the Debtors' children.

10. The Trustee has also learned that the Debtors may have concealed assets in rural Northeast Nebraska which include equipment, attachments, vehicles, and a camper trailer.

11. The Trustee requires the assistance of special counsel for the following purposes: collection of crop rents due to the estate; collection of promissory notes; liquidation of equipment, attachments, vehicles, a camper trailer, and any other property of the estate that is discovered by the Trustee; pursuit of preferential payments on the promissory notes that are property of the estate; and all other general legal matters that would assist the Trustee in the recovery and liquidation of property of the estate, including real estate, personal property, LLC membership interests, stock in Sunshine Ranch Co., Inc. and any other non-exempt assets in this bankruptcy estate.

12. The Trustee wishes to employ Cline Williams to pursue collection of property of the estate for the reasons that Cline Williams has considerable experience in such matters and because it is familiar with the evidence underlying such claims. Litigation to collect property of the estate may need to be brought in Antelope County or Madison County, Nebraska. Cline Williams is much closer in proximity to Antelope County and Madison County than the Trustee, whose office is in Scottsbluff, Nebraska.

13. The professional services which Cline Williams will render include, but are not limited to, the prosecution of litigation and any other action reasonable or necessary to collect property of the estate and reduce the same to cash.

14. Cline Williams will continue to seek compensation from Rabo for the collection actions it undertakes on behalf of the Trustee and Rabo shall seek reimbursement from any recovery made by the Trustee on the avoidable transactions claims that it is currently pursuing and from the proceeds of property of the estate.

15. The employment of Cline Williams is in the best interests of the bankruptcy estate.

16. The Trustee believes that Rabo is not adverse to the Trustee, as Rabo and the Trustee have agreed that they should coordinate their efforts to liquidate the property of the estate and that the Trustee will hold and account for the proceeds of any Property of the Estate in which Rabo may have a lien or claim, subject to any such lien or claim. Rabo and the Trustee have also reserved all rights, claims and defenses that they may have to property of the estate in which Rabo may claim a lien or claim.

17. The Declaration of Richard P. Garden, Jr. is submitted in support of this Application.

WHEREFORE, Philip M. Kelly, Chapter 7 Trustee, requests that the Court authorize him to employ Cline Williams to pursue the collection of property of the estate with its fees to be paid by Rabo Agrifinance, LLC which will be reimbursed by the estate.

/s/ Philip M. Kelly
Philip M. Kelly, Trustee
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CERTIFICATE OF SERVICE

I hereby certify that on April 25, 2025, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system which sent notification of said filing to all CM/ECF participants.

/s/ Philip M. Kelly
Philip M. Kelly, Trustee